THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION, MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR): (a) to (c) The Government has put in place various policy measures to promote broad based industrial growth. This includes, inter-alia, delicensing of industrial capacity, liberalization of foreign trade regime to provide better access to inputs at competitive prices, rationalization and reduction in duty rates of customs and central excise, better infrastructure support, and liberal FDI regime, etc.

A major package has been announced by the Government on 7th December, 2008 to stimulate industrial growth such as, an across-the-board reduction of 4% in Cenvat/Excise duty, interest subvention of 2% for pre and post shipment export credit for labour intensive industries such as textiles, handlooms, handicrafts, leather, gems and jewellery, marine products and Small and Medium Enterprise sector, Government back-up guarantee to Export Credit Guarantee Corporation (ECGC) to provide guarantees for exports to difficult markets/ products, refund of service tax to exporters on foreign agent commissions, refinance facility of Rs. 4000 crore for the National Housing Bank by RBI, refinance facility of Rs. 7000 crore for Small Industries Development Bank of India (SIDBI) by the Reserve Bank of India (RBI) to support Micro, Small and Medium Enterprises (MSMEs), an additional allocation of Rs. 1400 crore for Technology Upgradation Fund (TUF) for textile industry *etc.*

In addition, Reserve Bank of India (RBI) has recently taken a number of steps to reduce the cost of credit and improve liquidity for industry by reducing Repo rate, Statutory Liquidity Ratio (SLR), Cash Reserve Ratio (CRR) *etc.*

Shortcomings in the policy framed for SEZ's

1725. SHRI N.R. GOVINDARAJAR: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether due to the shortcomings in the policy and in the rules and procedures framed for the SEZs the Government has suffered huge revenue losses;

(b) if so, the details thereof;

(c) whether Government has detected cases where such units in the tax free zone are selling majority of their products within the country rather than exporting them;

(d) whether CAG has pointed out many such cases; and

(e) if so, the details thereof and the action taken in this regard?

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH): (a) to (e) The Report of the Comptroller and Auditor General of India (C and AG for the year ended March, 2007 on Performance Audit on Union Government — Indirect Taxes, have *inter alia*, raised certain issues relating to Special Economic Zones. These issues mainly relate to achievement of Net Foreign Exchange (NFE) through deemed exports; duty foregone on inputs used in exempt products

cleared in DTA; non achievement of NFE positive by certain units; violation of conditions of Letters of Permissions (LOPs); short levy of duty on Domestic tariff Area (DTA) sales, *etc.*

The Special Economic Zones (SEZs) are under obligation to achieve positive Net Foreign Exchange (NFE) earnings over a period of 5 years, failing which penalties are leviable. The SEZ Act, 2005 provides for domestic clearance by units in SEZ on payment of chargeable duties of customs including Anti-dumping, Countervailing and safeguard details under the Customs tariff Act, 1975 where applicable, as leviable on such goods when imported. In its audit report, the scope of which covered 2061 Special Economic Zone (SEZ) units, C and AG has observed that 22 units in two SEZs had been achieving the prescribed positive Net Foreign Exchange (NFE) mainly through domestic sales. However, as per the latest figures compiled for the year 2007-08, physical exports from the SEZs are of the order of 84% of their total turnover. During this period, the domestic supplies made by SEZs were about 12% and sales in Domestic Tariff Area, not counted for positive NFE, was about 4%. The Approval Committees under the Development Commissioners constituted for all Zones, which comprise of representatives from Customs, Income-tax, State Governments *etc.* have been directed to monitor the performance of the SEZ Units.

Study on impact of organized retail on small shop owners

1726. SHRIMATI BRINDA KARAT: Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether ICRIER has given any study on impact of organized retail on small shop owners; and

(b) the main recommendations and the Government's view on it?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL POLICY AND PROMOTION, MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR): (a) and (b) The findings and recommendations of the report furnished by the Indian Council for Research on International Economic Relations (ICRIER) and the follow-up action by the Government are given in the Statement. (Refer to Statement part (c) of U.S. Q. No. 1719).

Purchase of Spy Der quick reaction anti-Aircraft missile system

1727. SHRI VIJAY JAWAHARLAL DARDA: Will the Minister of DEFENCE be pleased to state:

(a) whether Government is thinking of Upgradation of MiG-29 fighter fleet as well as the purchase of Spy Der quick reaction anti-Aircraft missile system through global tendering;

(b) if so, will such a deal contain "specific clause" towards transfer of latest technology and its adoption by our defence installations presently involved in the manufacture and maintenance of such sensitive hardware; and

(c) the expenditure likely to be incurred in this upgradation and fresh acquisitions?